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Chief, Economic Research, ORR

4 December 1958

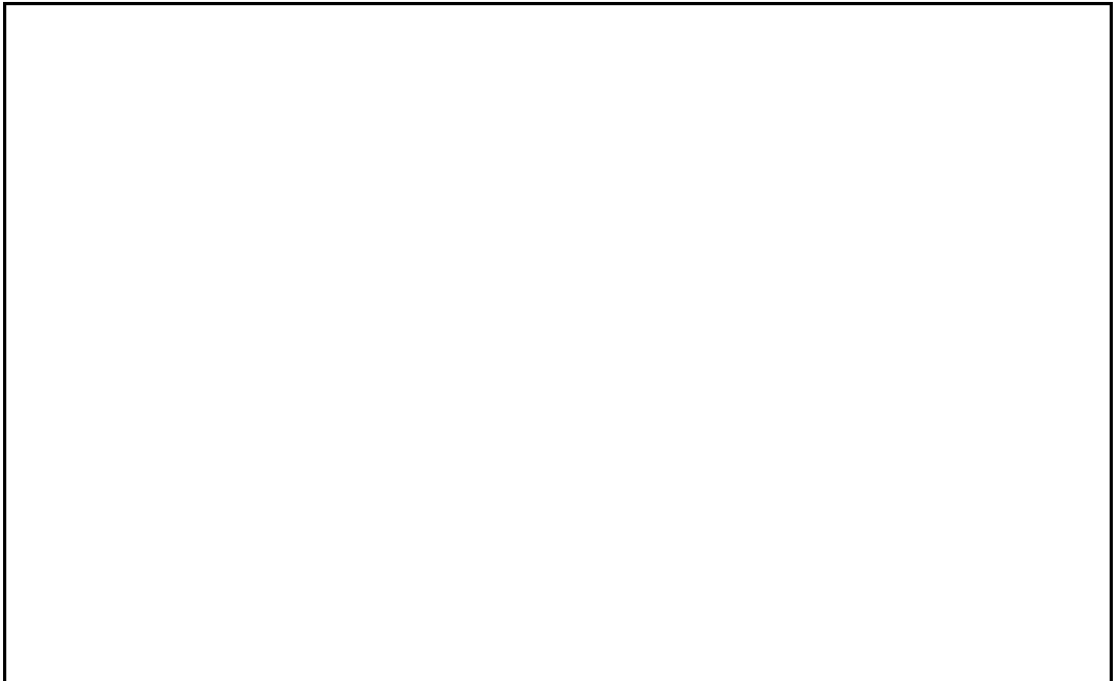
Chief, Industrial Division, ORR

Monthly Report, November 1958

I. Relations with and Support to Other Components:

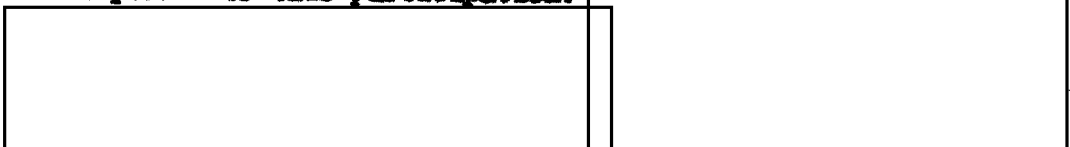
A. CIA:

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3. Several meetings concerning the status of the Guided Missile Task Force took place between members of ORR, OSI and SR/DD/P. These meetings culminated in a meeting of the DDCI, AD/RR, DAD (Collection)/SI, and Acting Chief, SR/DD/P on 25 November. The result of this meeting was to reaffirm the importance of DD/I participation in DD/P missile collection efforts and to continue the Guided Missile Task Force as the focal point for this participation.

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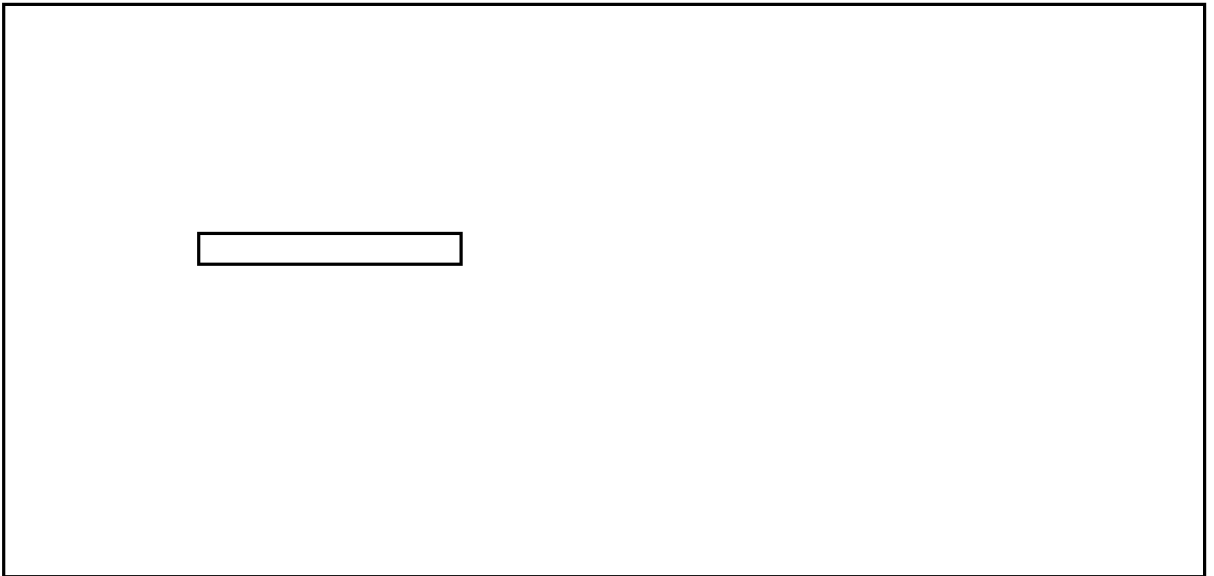


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B. USIB Committees:

5. Chief of the Guided Missile Branch briefed the Ad Hoc Panel of Consultants convened by the Chairman, USIB, to consider the status of the Soviet ICBM program. The briefing was concerned primarily with the fragmentary evidence available to U.S. intelligence on the production and deployment of Soviet ICBMs, and the implications of the lack of conclusive evidence of such activity in the USSR at the present time. These subjects received particular attention in the Panel's final report to USIB. 25X1



C. Department of Defense:

8. Growing interest in intelligence estimates of Soviet military expenditures and the underlying end items is being shown by the staff of the Assistant Secretary of Defense (Comptroller).

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During this month the Military Economics Branch supplied Mr. Glass of that Office with background information on our knowledge of prices and ruble-dollar ratios on Soviet end items (CMB/S-405). [redacted] also briefed Mr. Walsh and Mr. Glass of that Office on the same subject.

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9. [redacted] prepared a chart of diesel engine models produced in Poland and supplied this, along with other information on production, to [redacted] of the Economic Warfare Section, OSD, for his use in preparing an appeal against the shipment to Poland of internal grinding machines for grinding fuel injection nozzles for diesel engines.

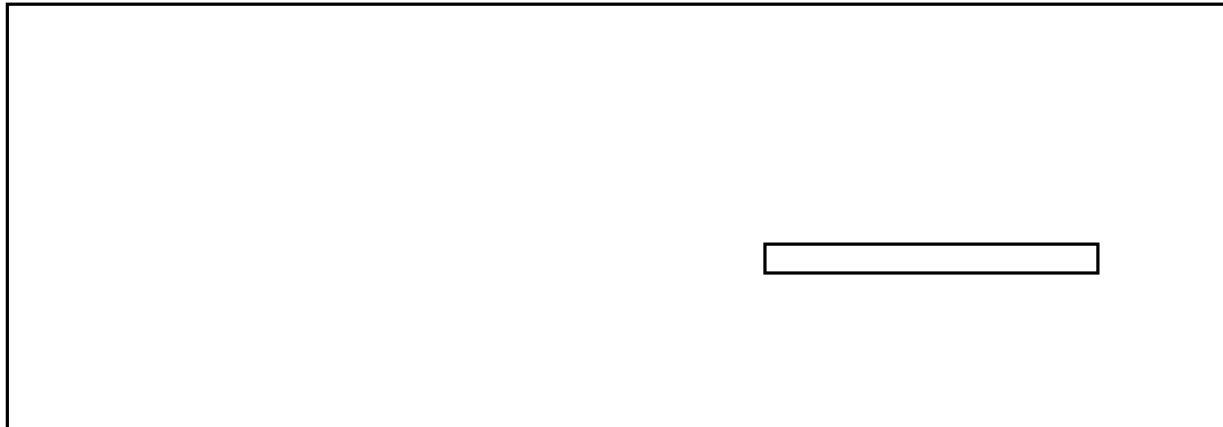
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10. AFCEM interest in costing of the Soviet military program is still continuing at a high level. In this connection the Air Information Staff of the Library of Congress was briefed jointly by Dr. Fossum of AFCEM-Y and [redacted] on the subject. The Air Information Staff will allot time for research and aid CMB within the limits of its resources.

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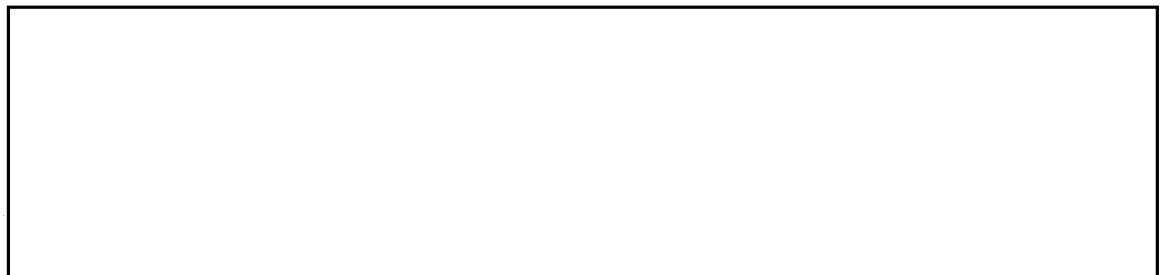
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12. [redacted] provided considerable assistance to ACSI (Army) during November on production of Soviet motor vehicles and tractors, including one seven-hour session with the ACSI representative.

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II. Changes in Estimates:

14. Some modifications have been made in the conclusions of NIE 11-5-58 (TS) pertaining to the ICBM program as a result of the recent re-examination by GMIC and by the Ad Hoc Panel (see paragraph 5 above.) This modification includes a downgrading of the likelihood of the USSR having an initial operational capability with about 10 ICBMs in 1958 and moving the most probable date for 500 operational ICBMs from 1961 to 1962.

15. An analysis of Khrushchev's statement on ICBM production in the Seven-Year Plan "Themas" appears to indicate that all preparations for regular production of ICBMs have been completed and that production is about to begin. The statement is consistent with the earliest production program considered possible in current estimates.

16. Information included in the announcement of seven year plan goals has resulted in an altered estimate for electronic computer production during these years. The previous estimate was based on a calculation of the value of known computer production through 1958, carried forward to 1965 on the basis of the announced index. The revised estimate of 1958 production is approximately double the previous estimate. The revised terminal year estimate is within ten percent of the current Branch estimate, because of the drastic reduction in the planned growth rate.

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extending U.S. unilateral control in the field of technical data. Apparently the U.S. is considering increased use of the criteria of technological know-how for preventing exports to the Soviet Bloc, particularly in the fields of petrochemicals, metalworking equipment and electronics. The chairman of the meeting [redacted]

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[redacted] requested that technical groups be established to prepare lists of items which would meet the criteria for this increased U.S. control. The CIA specialists agreed that they would participate in the initial selection of items unless prevented from doing so by other commitments. It is understood that the British have called for a review of COCOM items in the spring and that CIA is to begin work on the fact sheets. In most cases this will involve only an up-dating of those done last year. As a result of the technical group meetings mentioned above, there will be some new items not previously on the control list, for which new fact sheets will have to be prepared. We can therefore anticipate that considerable time will have to be devoted during the next three or four months to meetings, consultation with the Trade Controls Branch (D/S), and some research concerning COCOM matters.

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21. NIS contributions from the services continue to come in late and to vary in quality. The ONI contribution to the East German NIS (Sec. 64E) was received more than a month late. Indications are that the ONI contribution on the USSR will also be late. The U.S. Army Signal Intelligence Agency (USASIA) contribution to the East German NIS contained numerous deficiencies and is being rewritten by USASIA with help from the Electronics Equipment Branch. USASIA has agreed to work more closely with ONI in the preparation of future sections.

22. We are still meeting considerable administrative difficulty in selecting a suitable replacement for [REDACTED]. In view of the delicate interagency relationships involved in the assignment of a military officer to ONI, it is necessary that we be sure of his suitability in all respects.

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[REDACTED]

ACSI (army) admits that its definition of telecommunications equipment is so narrow as to exclude a wide variety of industrial electronic equipment. It is believed that ACSI would agree to permit CIA to assume the NIS responsibility for industrial electronics production. This possibility is being explored further.

23. Attention is invited to the fact that machine runs of analyst time distribution have proved to be quite inaccurate. Since only a part of the rough sheets submitted have been returned, at present there is no reliable record of time distribution for this fiscal year to date. It is recommended that this situation be corrected.

[REDACTED]

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